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## RURAL HOUSING SITE LOANS

The Farmers Home Administration (FmHA) makes loans to finance building sites which may be developed into desirable residential communities. The sites must be in rural areas and must be sold on a nonprofit basis.

Rural areas include open country and places with population of 10,000 or less that are rural in character and not closely associated with urban areas. Loans may be made in towns with populations between 10,000

and 20,000 that are outside of standard metropolitan statistical areas if the Secretary of Agriculture and the Secretary of Housing and Urban Development find there is a serious lack of mortgage credit.

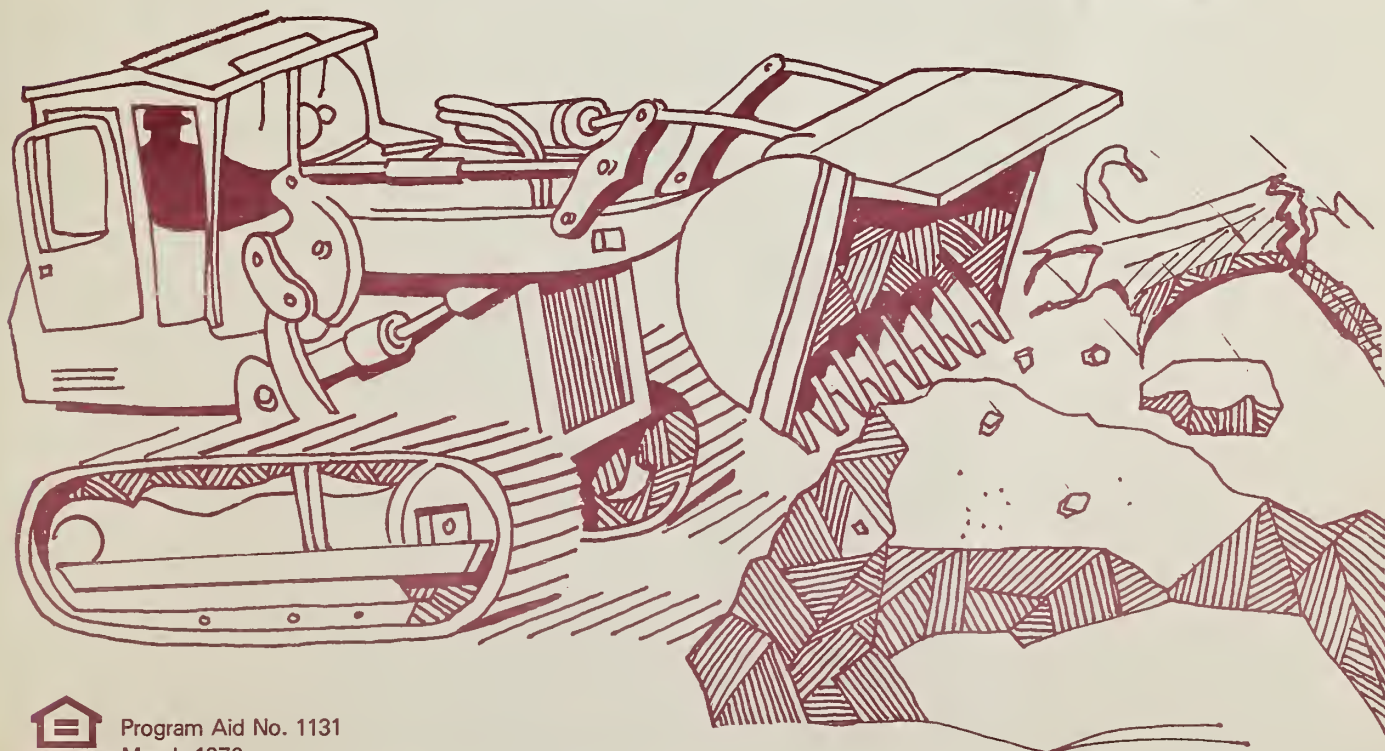
Rural housing site loans are authorized under Sections 523 and 524 of the Housing Act of 1949, as amended. Section 523 sites are for housing to be built by the self-help method. Section 524 sites have no limitation on the method of home construction.

### Who may receive a loan?

Loans may be made to public or private local nonprofit organizations with legal authority to buy, develop, and sell homesites to eligible applicants.

Each applicant must provide firm evidence of need for the proposed sites and information as to the number of sites to be developed and the estimated development cost.

Applicants should not start work or incur obligations in connection with the project before the loan is closed.



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### Who may buy sites?

Sites developed with a Section 523 loan may be sold only to qualified families who will build homes by the self-help method.

Sites developed with a Section 524 loan must be used for dwellings of families with low and moderate income and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any law which provides financial aid for housing. Such agencies include FmHA, HUD, VA, private lenders, nonprofit organizations funded by Federal, State, or local governments, or State or local public agencies.

### What are the loan terms?

Repayment is expected within 2 years.

The interest rate for Section 523 loans is 3 percent.

The interest rate for Section 524 loans is determined annually.

### How may loan funds be used?

Funds may be used to:

- Buy and develop building sites, including construction of essential access roads, streets, and utilities that become permanent features of the development.

- Pay engineering and legal fees and actual cost of incidental administrative expenses such as postage, telephone, advertising, and temporary secretarial help, provided funds for these expenses are not otherwise available.

Funds may NOT be used to:

- Buy land in excess of immediate needs in the locality.

- Buy land directly or indirectly from a member of the applicant organization unless prior FmHA consent has been obtained.

- Develop lots that are excessive in cost or unsuitable for the type of housing needed and planned.

### What security is required?

Each loan will be adequately secured to protect the interest of the Government. Loans will be secured by liens on property purchased or improved with the loan.

### Where is application made?

Applications for loans are made at the local county offices of the Farmers Home Administration. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

All applications are considered without regard to the race, color, creed, sex, marital status, or national origin of the applicant, and benefits that accrue from use of the funds must be available to all on the same basis.

This publication supersedes "Rural Housing Site Loans," a fact sheet issued May 1973.